



Senators Feinstein and Boxer Support Plan to Fund Secure Rural Schools Program Over Next Five Years

- It is expected that \$425 million will be included in the Emergency Supplemental Bill that Comes before the Appropriations Committee on Thursday -

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Washington, DC – U.S. Senators Dianne Feinstein and Barbara Boxer (both D-Calif.) today announced that she would support a multi-year proposal to restore funding for the Secure Rural Schools and Community Self Determination Act, commonly known as the county payments law.

Last year, California received \$69 million from this program. But if the program is not extended, California's counties would receive nothing. Under this proposal, California's counties would receive \$283 million from Fiscal Year 2007 – Fiscal Year 2011.

It is expected that the Emergency Supplemental Bill which will be considered by the Appropriations Committee this Thursday will include full funding for one year of the Secure Rural Schools program -- \$525 million. This represents an addition of \$425 million to the \$100 million that would otherwise have been available from timber harvest receipts.

The remainder of the proposal is expected to be offered as an amendment to the Emergency Supplemental Appropriations Bill on the floor of the Senate.

“California’s counties face a devastating cut in federal funding as a result of the expiration of the Secure Rural Schools program,” Senator Feinstein said. **“This proposal, while not perfect, moves us miles closer to where we should be. It is much better for rural counties in California than earlier proposals.**

California’s most rural counties depend on this funding – to the tune of \$69 million last year. Siskiyou County, for instance, receives \$9.58 million a year from this program. Without this fix, Siskiyou would receive nothing. The same holds true for Trinity, Shasta, Plumas, Lassen and California’s other rural counties.

The federal government has an obligation to these counties, and this proposal takes a major step toward fulfilling that obligation.”

Boxer said, **“I am pleased that we have reached this agreement today to restore funding for so many schools in rural counties throughout California that are struggling to make ends meet. I want to thank Senator Wyden, Senator Reid, Senator Feinstein, and the rest of my colleagues who have worked tirelessly on this issue to ensure that all children, no matter where they live, are given the opportunity to learn and grow.”**

Senator Feinstein’s Role

Earlier versions of the proposal would have cut California’s share in the first year by approximately 13 percent – a total of \$9 million.

Based on Senator Feinstein’s efforts, the proposal was revised to hold California harmless in the first year. Feinstein also fought to include a provision that requires that counties would receive only gradual reductions in secure rural school funding over the next five years, rather than a sudden, catastrophic loss of funds.

5-year Proposal

The proposal—which includes approximately \$5 billion for rural schools, counties and communities through 2012—is being offered for bipartisan consideration by Senator Feinstein together with Senators Harry Reid, Ron Wyden, Max Baucus, Jeff Bingaman, Patty Murray, Maria Cantwell, and Barbara Boxer.

The Senators’ proposal would immediately address the pending budget crisis confronting rural communities by fully funding the county payments program for 2007.

This five-year plan gives counties a predictable stream of funding that allows counties to plan for the future.

That formula is based on the current funding formula and the current acreage of U.S. Forest Service (USFS) and eligible Bureau of Land Management (BLM) lands, along with a mechanism to focus support on those communities in greatest economic need.

PILT

Additionally the plan includes five years of full funding for Payment in Lieu of Taxes (PILT), which compensates states for loss of tax revenue from Federal lands in the state. Full funding of PILT would also provide California with an estimated \$11 million or more additional dollars annually on top of the \$21 million California currently receives from PILT.

About \$500 million of the \$5 billion package would be paid for with emergency spending in 2007 and offsets identified by the Senate Finance Committee would pay for the following four years.

Over 700 counties in 39 states received funding under the Secure Rural Schools and Community Self Determination Act of 2000, which was allowed to expire in September 2006. Despite repeated efforts by the Senators to reauthorize the bill last year, the Congress and Administration could not agree on a funding source for the legislation.

**Summary of the Secure Rural Schools Extension and Reformulation
& Full-funding for PILT**

- Provides for about \$2.8 billion in funding for a multi-year extension of the Secure Rural Schools and Community Self-Determination Act (“County Payments”) and for about \$2.3 billion to fully-fund PILT.
- Provides a one year extension of the County Payments program and designates the \$525 million in funding for the extension as emergency funds.
- Provides for 4 more years of County Payments funding beyond 2007, with the total funding level gradually declining to \$379 million in 2011.
- California, Oregon, and Washington are provided additional transition funding in early years to minimize effects of the new formula and the overall decline of the total authorization level.
- Provides for full-funding of the Payments in Lieu of Taxes (PILT) program from 2008 through 2012.
- All funding beyond FY07 will be fully paid for by a combination of tax offsets.

	Administration’s Proposal	Democratic Plan	
Year	County Payments	County Payments	
2007	Demand offsets for any funding	Extend full-funding levels from 2006 (\$526M), with a new formula that increases benefits for ~85% of the counties and maintains funding levels for CA, OR, & WA counties	
2008	Sell-off National Forests and cut program by 35% to ~\$340M	Maintain funding at \$520M, along with supplemental funds to maintain 90% of the benefits to CA, OR, & WA	
2009	Sell-off National Forests and cut program by an additional 30% to ~\$240M	Provide 90% funding (\$468M), plus supplemental funds to maintain CA, OR, and WA benefits at 90% of 2008 levels.	
2010	Sell-off National Forests and cut program by an additional 17% to ~\$200M	Provide 90% of 2009 levels (\$421M), plus supplemental funds to maintain CA, OR, and WA benefits at 90% of 2009 levels and transition to 2011 levels.	
2011	Sell-off National Forests and cut program by an additional 10% to ~\$180M	Provide 90% of 2010 funding (\$379M).	
Total	Total Funding 2007-2011= ~\$960M by selling up to 270,000 acres of National Forest land	Total Funding 2007-2011= ~\$2.8 Billion with fiscal offsets	

	PILT	Payments in Lieu of Taxes (PILT)
	Cut PILT by \$42.5M in 2008 (total funding \$190M)	For the first time in the modern history of PILT, the program would be fully-funded. Begins 2008 (~\$360M) and through 2012 (total funding ~\$1.9B).

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